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# YOUTH PROJECT LOANS



Farmers Home Administration • U.S. Department of Agriculture

## YOUTH PROJECT LOANS

The Farmers Home Administration can make loans to individual rural residents under 21 years of age to establish and operate income producing farm or nonfarm enterprises of modest size.

Each project must be part of an organized and supervised program of work. The project must be planned with the help of the organization supervisor and operated under his guidance, must give indication that it will produce sufficient income to repay the loan, and must provide the youth with practical business experience.

### Who May Borrow?

To secure an FHA Youth Loan one must:

- \* *be a citizen of the United States*
- \* *be under 21 years old*
- \* *live in the open country or in a town of less than 10,000 people*
- \* *be unable to get a loan from other sources*
- \* *conduct an income-producing project in a supervised program of work, as outlined above.*

Also one must have a good character, and be capable of planning, managing, and operating the project under guidance and assistance from a project advisor. The project advisor must agree that the project is a good one and recommend the loan be made. If the youth is under legal age, the parents or guardian must also agree to the project.

Each person who applies will receive equal consideration regardless of race, color, creed, or national origin.

## What Are Some Possible Projects?

Loans can finance nearly any kind of income-producing operation, including:

- \* *crop production*
- \* *livestock production*
- \* *repair shops*
- \* *woodworking shops*
- \* *re-upholstering and refinishing furniture*
- \* *mobile machinery repair vans*
- \* *roadside stands and many others.*

## What May Loans Be Used For?

Young people may use the money to:

1. *purchase livestock and farm equipment*
2. *buy, rent, or repair needed tools and equipment*
3. *pay operating expenses for running the project*
4. *buy supplies*

## How Large A Loan Can One Get?

Loan size depends on the kind of project. It also depends on the project plans, the recommendations of the project advisor, and the approval of the FHA county supervisor. Loans may be made to individuals only, not to organizations.

## What Is The Interest Rate?

The interest rate for youth loans is determined each July 1 for the following year, based on cost of money to the Government. However, when a loan is made the interest rate for that loan will not change, but if another loan is made later, the interest rate could be different.

## **What Security Is Required?**

To receive a loan one must sign a promissory note making him personally and fully responsible for the debt. Sometimes the FHA county supervisor may think it necessary to have a co-signer.

In addition, loans will be secured by liens on products produced for sale and on chattel property, including livestock, equipment, and fixtures purchased with loan funds.

## **How About Repayment?**

The schedule for repaying the loan will be worked out with the FHA county supervisor. Payments will be determined by the type of project for which the loan was made. If it is raising livestock or crops, for example, the loan can be paid when the produce is sold. If the project is a repair shop or some other service operation, the loan can be paid from the weekly or monthly earnings.

## **Where And How Are Applications Made?**

Completed plans and budgets should be signed by the organization supervisor and submitted by the applicant to the local county office of the Farmers Home Administration.

Application forms for Youth Loans are available from the FHA county supervisor. The FHA has more than 1,750 offices throughout the country. Usually the telephone directory will give the nearest office location under "U. S. Government."

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